

economist. He has studied Social Security as well as anybody. He has studied Medicare. He makes the point that focusing almost exclusively on those—or primarily on those—as a way to end the deficit is bad social, economic, and political policy.

Let me say at this point, Mr. Speaker, speaking for myself, not for Aaron, there are things we can do in the near term. If we hadn't gone into Iraq, that terribly mistaken war in which so many brave Americans suffered, we would have a trillion dollars more than we have today. We are grossly overextended in having military presence all over the world where it is needed and where it isn't. We continue to spend tens and tens of billions of dollars a year protecting Western Europe when they're not in danger and can protect themselves.

So let's focus on reducing military spending, let's rationalize agriculture spending, let's put some restraints elsewhere. But as Henry Aaron correctly points out in this article, let's not make the mistake of focusing on Social Security and Medicare, prematurely in the case of Social Security, and in a socially destructive way with regard to Medicare and Medicaid.

ALL OR NOTHING = NOTHING

(By Henry J. Aaron)

WASHINGTON.—Two plans for reducing the federal deficit are now on the table. One of them, proposed by the chairmen of President Obama's debt-reduction commission, Erskine Bowles and Alan Simpson, was endorsed on Friday by 11 of the 18 panel members. The other comes from the nonprofit Bipartisan Policy Center. The two plans differ in important ways, but both put everything on the table, including not only things like tax rates and defense spending but also Social Security, Medicare and Medicaid.

This approach is mistaken, and it's at the heart of why both plans are unlikely to succeed. Deficit reduction should stop debt from growing faster than gross domestic product—and do so within the next decade. But closing the projected long-term gap between Social Security spending and revenues and materially slowing the growth in Medicare and Medicaid spending will take much longer.

The Bipartisan Policy Center's proposal illustrates this temporal mismatch. It aims to prevent government debt—now equal to roughly 60 percent of gross national product from growing faster than income does. After some additional increase during the current economic slowdown, this plan would return the ratio of debt to income to below 60 percent by 2020. To that end, it would lower government spending and raise taxes by \$5 trillion over that period. Its menu is replete with controversial items—including cuts in defense spending, a national value-added tax and myriad cuts in domestic spending.

The most highly charged suggestions, however, are its proposed changes in Medicare, Medicaid and Social Security. The plan would convert Medicare into a voucher system under which the elderly and disabled would receive money to buy health insurance. The value of this voucher would increase more slowly than health care costs have grown for the past half century. The proposal would also raise by two- to five-fold the states' share of part of Medicaid costs.

The Bipartisan Policy Center's plan would also reduce the share of earnings that Social

Security would replace for future retirees. This "replacement rate" is already set to decline under current law, but the plan would cut it further, by as much as 22.5 percent.

The proposed changes in Social Security, Medicare and Medicaid (whose acceptance by Congress is not assured, to say the least) account for only 5 percent of the deficit reduction that the overall plan would achieve by 2020. To be sure, they promise to do considerably more in later years. But they are largely extraneous to the immediate goal of deficit reduction and debt stabilization by 2020.

The president's debt-reduction commission advances even larger changes to Social Security—cuts of up to 41.5 percent—a longer list of near-term changes to Medicare and a blanket cap on the longer-term growth of overall health care spending. But approach is similar to that of the Bipartisan Policy Center's in that it relies primarily on cuts in other government spending and on tax increases to reduce the deficit.

Stabilizing the debt must begin as soon as economic recovery is well established and must be accomplished over the next decade in order to prevent the ratio of debt to G.D.P. from becoming excessive. Timely deficit reduction is therefore urgent. Asking Congress simultaneously to reform three of the most important and complicated government programs only jeopardizes the solution of the more immediate problem.

The Social Security challenge plays out over the next quarter-century. Early legislation to close the gap between revenues and spending is desirable, because changes will be less onerous if they are phased in. If President Obama believes that a commission could help to restore balance in Social Security, he should appoint one now, but its work could not do much quickly to help reduce the deficit.

The fiscal challenge posed by Medicare and Medicaid is vastly larger and infinitely more difficult to meet than that posed by Social Security. Some modest savings in Medicare are manageable, along the lines suggested by both commissions, including increased premiums for upper-income beneficiaries and modest increases in Medicare deductibles.

As for Medicaid, its benefits are already stringently limited in some states. In others, payments to providers are so low that doctors shun the program and hospitals suffer losses. To reduce Medicaid benefits now, just as the Affordable Care Act will be adding roughly 16 million new beneficiaries, would risk chaos.

To slash Medicare and Medicaid spending before reforms to the health care system bear fruit would mean reneging on the nation's commitment to provide standard health care for the elderly, the disabled and the poor. The only realistic way to realize big savings in the two programs is to reform the entire health care payment and delivery system in a way that will slow the growth of all health spending. The Affordable Care Act is intended to initiate such systemic reforms. The best way to rein in growth of spending on Medicare and Medicaid is to put the provisions of that law into action, but this will take many years.

The job that should not be delayed, to stop excessive growth in the federal deficit, is challenging but doable: curb tax expenditures (including tax deductions, credits, exclusions and exemptions); end at least some of the tax cuts that were enacted under President George W. Bush; enact many of the cuts in defense spending advocated by both budget commissions; limit, but not eviscerate, other discretionary spending; and gradually increase Medicare premiums for upper-income beneficiaries.

Congress and President Obama should adopt a three-stage program: start deficit re-

duction as soon as recovery is securely under way, reform Social Security soon and resolutely carry out the Affordable Care Act so that the growth of Medicare and Medicaid can be slowed, Trying to do everything at once only makes it difficult to do anything at all.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. POE) is recognized for 5 minutes.

(Mr. POE of Texas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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#### HONORING THE LIFE AND SERVICE OF PETTY OFFICER ZARIAN WOOD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. OLSON) is recognized for 5 minutes.

Mr. OLSON. Mr. Speaker, I rise today to pay tribute to Navy Petty Officer 3rd Class Zarian Wood of Houston, Texas.

Zarian, known as "Z" to his friends, was killed on May 16, 2010, in a bomb blast during a foot patrol in Helmand Province, Afghanistan. He was 29 years old.

After serving in combat in Iraq from 2007 to 2008, Zarian volunteered for a second combat tour. This tour sent him on a 7-month stint to Afghanistan, where he was assigned to India Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division, I Marine Expeditionary Force.

Z was trained to be a hospital corpsman, the first out of the foxhole to rush to a wounded comrade. Well, in Afghanistan, he was known as "Doc," serving on the front lines alongside Marine infantrymen from Camp Pendleton, California.

Z was a 1999 graduate of South Houston High School, where he competed on the Trojan wrestling team. After high school, Z worked as a youth pastor and tutor for at-risk children on Houston's northeast side and as a merchandiser for Coca-Cola before enlisting in the Navy in 2006.

Z was known for living life to the fullest. His life embodies the fabric of the exceptional men and women who comprise our U.S. military. He is the embodiment of the honorable, courageous, and patriotic young Americans we are privileged to have defending our country. His selfless heroism, both as a civilian and in the military, created a legacy of courage and patriotism that will not be forgotten by those who knew him.

The liberty we cherish in this Nation has come at a great cost. Zarian and his family have paid the ultimate price for our freedom—but it is not without the tremendous gratitude of this Nation, this Congress, and this Congressman.

Mr. Speaker, America cannot repay the debt we owe to Zarian and his family. What can we do?